

FIRST SET OF INFORMATION REQUESTS OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
TO ALL GAS LOCAL DISTRIBUTION COMPANIES

D.T.E. 04-116

Respondent: Amy Smith

Information Request DTE-GAS 1-4

- Q Please propose a method for standardizing the calculation and measurement of each performance measure listed in DTE-GAS 1-1 with regard to (i) variable definition and measurement; (ii) data-collection methods; (iii) data quality issues; and (iv) data analysis and interpretation.
- A. As discussed in KeySpan Initial Comments and Reply Comments in DTE 04-116, and detailed in the Navigant Benchmarking Report (“Benchmarking Report”), it is difficult if not impossible to standardize benchmarks. Specifically, the Benchmarking Report concludes that there are inherent differences among utilities in terms of data-collection methods, data quality, geography, distribution system design and configuration and weather impacts that make it virtually impossible to establish standardized performance benchmarks that would have validity in terms measuring (and penalizing) the performance of a specific Massachusetts-based utility.¹ These differences are significant because it is not possible to make comparisons among utilities if, for example, they are not computing the performance statistics in the same way or are not operating under the same economic, business and natural environments.² Similarly, a uniform benchmark is not appropriate where utilities are faced with differing operational, demographic and geographic challenges.³

Furthermore, implementation of standardized benchmarks that differ from service levels at the time of a utility’s last base rate case may result in either under or over recovery of revenues as utilities adjust to meet revised goals. If customers are satisfied with current service levels, as indicated by the customer satisfaction survey results filed each year in compliance with the SQ Guidelines, utilities may incur additional costs to meet standard goals and avoid penalties even though customers have indicated that they are satisfied with current service levels. These costs will be passed onto a utility’s customers at the time of the next base rate filing.

¹ Benchmarking Report at 13, 16-23

² Id. at 16

³ Id. at 16-23.